

Cardio-thoracic surgeons' practice expenses

ISSUE: Do the practice expense relative values for cardio-thoracic surgeons adequately take into account the costs of paying the clinical staff whom they bring to hospitals?

KEY POINTS: Section 644 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) requires the Medicare Payment Advisory Commission to conduct a study on the practice expense relative values for physicians in the specialties of thoracic and cardiac surgery to determine whether such values adequately take into account the attendant costs that such physicians incur in providing clinical staff for patient care in hospitals. The study is due by January 1, 2005.

In 1992, Medicare changed how physicians are reimbursed by adopting a fee schedule and establishing relative value units (RVUs) for physician work, practice expense (PE), and professional liability insurance. The Social Security Amendments of 1994 required CMS to develop a resource-based system for determining practice expenses for each physician service, and the Balanced Budget Act of 1997 required that the resource-based PE RVUs be phased in over a four-year period, 1999–2002.

In 1999 during the phase in period, CMS decided to exclude the expense associated with the clinical staff that physicians bring to the hospital. Those staff may assist in the operating room, or provide pre- or post-operative services, for example patient care, patient education, or discharge planning. They may be physician assistants, surgical technologists, certified registered nurse first assistants, or others.

The issue paper presents our findings and analysis.

ACTION: The staff seeks Commission direction on developing the issue paper into a letter report to the Congress.

STAFF CONTACT: David Glass 202 220-3743, Jill Bernstein 202 220-3740.